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Blue Sky Power Holdings Limited
藍天威力控股有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 6828)
(Singapore Stock Code: UQ7)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE PROPOSED ACQUISITION

This is a voluntary announcement made by Blue Sky Power Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**").

THE PROPOSED ACQUISITION

The board of directors of the Company (the "**Board**") is pleased to announce that on 9 December 2015 (after trading hours), the Company (the "**Purchaser**") and Compact Move Limited (the "**Vendor**") entered into a non-legally-binding memorandum of understanding (the "**MOU**") in relation to the proposed acquisition ("**Proposed Acquisition**") of certain equity interest in a company ("**Target Company**") which is a wholly-owned subsidiary of the Vendor. The Vendor is in the process of conducting business restructuring (the "**Restructuring**") so that after completion of the Restructuring the 100% of the registered paid-up capital of 浙江博臣能源股份有限公司 (Zhejiang Bochen Energy Holding Co., Ltd.*) ("**Zhejiang Bochen Energy**") together with the underlying businesses currently held by it will be beneficially and indirectly held by the Target Company but otherwise free from all encumbrances.

* *For identification purpose only*

To the best of the knowledge, information and belief of the Company's directors, having made all reasonable enquiries, the Vendor (including its ultimate beneficial owners) is a third party independent of the Company and its connected persons and not a connected person (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) of the Company.

CONSIDERATION

The consideration of the Proposed Acquisition shall be determined by arm's length negotiation between the Vendor and the Purchaser, having reference to the percentage of the equity interest in the Target Company to be acquired by the Purchaser and the result of the due diligence on the Target Company by the Purchaser. It is currently intended that the consideration will be settled by way of the new issue of convertible bonds of the Purchaser and/or promissory notes and/or cash and/or combination thereof. If convertible bonds were to be issued as a way of settling the consideration, such convertible bonds shall be converted into new shares of HK$0.055 each in the share capital of the Purchaser at an initial conversion price per conversion share (subject to adjustments), which will be subject to the terms and conditions of the formal agreement for sale and purchase (the "**Sale and Purchase Agreement**"), and determined with reference to closing market price of the Purchaser as quoted in The Stock Exchange of Hong Kong Limited in the last ten consecutive trading days up to and including the date of the Sale and Purchase Agreement.

The Sale and Purchase Agreement is tentatively to be entered into by the Vendor and the Purchaser as soon as possible and in any event, on or before the date falling six months from the date of the MOU or such later date as the Purchaser may agree, but subject to the results of the due diligence conducted by the Purchaser.

EXCLUSIVITY

In consideration of the payment of the refundable earnest money ("**Refundable Earnest Money**") to be payable by the Purchaser to the Vendor, the Vendor irrevocably undertakes to the Purchaser that it will not, and will procure that the Target Company (including Zhejiang Bochen Energy) and their respective directors, officers, employees, representatives and agents not to, directly or indirectly, for a period of six months from the date of the MOU ("**Exclusivity Period**"), (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person(s) or entity(ies) other than the Purchaser (or any of its affiliates) with respect to the sale or other disposition of the equity interest in Zhejiang Bochen Energy or the Target Company or any interests of the group or the sale, subscription, or allotment of any part thereof or any other shares of Zhejiang Bochen Energy and the Target Company.

The Refundable Earnest Money shall be in an aggregate sum of RMB50,000,000 which shall be payable in the following manner: (1) RMB30,000,000 shall be payable by the Purchaser to the Vendor within 10 days after the signing of the MOU; and (2) the remaining sum of RMB20,000,000 shall be payable, but subject nevertheless to the due diligence review by the Purchaser, within two months after the signing of the MOU or such other date as the parties may agree.

The Refundable Earnest Money shall be applied as the initial deposit and part payment of the consideration for the Proposed Acquisition upon signing of the Sale and Purchase Agreement. Should the parties fail to conclude the Sale and Purchase Agreement within the Exclusivity Period, the Vendor shall refund the Refundable Earnest Money to the Purchaser forthwith.

BINDING EFFECT

Save for certain provisions in the MOU, including provisions relating to the payment of the Refundable Earnest Money, exclusivity, right of access, confidentiality, notice, binding effect, and governing law, the MOU is not legally binding on the Vendor and the Purchaser.

INFORMATION ABOUT ZHEJIANG BOCHEN ENERGY

Zhejiang Bochen Energy, based in Hangzhou, the People's Republic of China ("**PRC**"), is the largest supplier of liquefied natural gas ("**LNG**") in Zhejiang province.

Zhejiang Bochen Energy has an established relationship with China National Offshore Oil Corporation ("**CNOOC**"). Zhejiang Bochen Energy signed a long term supplier contract with CNOOC and procures the LNG from the LNG receiving terminal in Ningbo owned by CNOOC (the "**Ningbo LNG Terminal**"). To the understanding of the Vendor, Zhejiang Bochen Energy is currently the single largest customer of LNG for Ningbo LNG Terminal and it is believed that Zhejiang Bochen Energy possesses a strong bargaining power over other competitors in the region as it has relatively competitive purchase prices of LNG. With the LNG source from Ningbo LNG Terminal, Zhejiang Bochen Energy is mainly engaged in (1) LNG trading business and (2) distribution of LNG directly to industrial users, with the support of the accompanying logistics infrastructure (including a fleet of over 36 LNG trucks).

Along the coastal areas in the PRC, LNG normally will have the price advantage over the traditional pipeline natural gas. Zhejiang Bochen Energy provides an alternative natural gas source by supplying and transporting LNG directly through the re-gastrification facilities to its customers, whom are primarily high-volume industrial users.

REASONS FOR THE PROPOSED ACQUISITION

The Group is an integrated natural gas provider and distributor that offers innovative and diversified clean energy solution in the PRC. The Group focuses on the downstream natural gas distribution business which encompasses (i) construction and operation of compressed natural gas and LNG refueling stations for vehicles; and (ii) construction of natural gas connection pipelines and supply of piped gas to industrial parks, commercial complex and residential communities.

In October 2014, the Group completed the acquisition of Smart Rainbow Investment Limited. It is mainly engaged in LNG trading business in the PRC and indirectly owned a minority stake of the LNG receiving terminal in Haikou, which can facilitate the Group to import low-cost LNG from overseas.

The Proposed Acquisition, if proceeded, will have significant synergies with the Group's existing natural gas business, by (i) supplementing the Group's cashflow and enlarging the Group's geographical footprint in the Eastern seaboard, especially the Zhejiang province; (ii) establishing a stronger platform for the Group's LNG trading business; and (iii) providing a significant downstream demand of LNG from its high-volume industrial users for the Group's procured and imported LNG.

The Board wishes to emphasize that the Proposed Acquisition is subject to the signing of the Sale and Purchase Agreement and the terms of the Proposed Acquisition are subject to further negotiation between the Vendor and the Purchaser. As at the date of this announcement, no legally binding agreement in relation to the Proposed Acquisition has been entered into. As such, the Proposed Acquisition may or may not proceed. The Proposed Acquisition, if materialised, may constitute a notifiable transaction of the Company pursuant to the Listing Rules. Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

By order of the Board
Blue Sky Power Holdings Limited
Cheng Ming Kit
Chairman

Hong Kong, 9 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Ming Kit, Mr. Sze Chun Lee, Mr. Hung Tao, Mr. Kwok Shek San and Mr. Hu Xiaoming; the non-executive director of the Company is Ms. Chung Oi Ling, Stella; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Mr. Ma Arthur On-hing.